



Interim Report
By
Senator Gary Stevens

Hello again. It is a great to be back home following the Thirtieth Alaska Legislature's adjournment in the early hours of Sunday, May 13th. Although it took lawmakers longer than the 90-day statutory limit to complete the Fiscal Year 2019 operating budget and advance other important legislation, we were able to avoid the prolonged negotiations that have led to extended and special sessions in recent years.

Fiscal Year 2019 Budget

One of the legislature's final tasks was passage of the FY '19 operating budget (House Bill 286) on Saturday, May 12th. The budget totals \$3.1 billion in unrestricted general funds (UGF) for agency and statewide operations. The budget also sets this year's Permanent Fund Dividend amount at \$1,600, an increase of \$500 from last year.

In all, the FY '19 budget spends \$4.4 billion in UGF.

The budget bill goes next to the governor, who has line-item veto authority to cut or reduce individual items.

To balance the budget, the legislature appropriated \$600 million from the Constitutional Budget Reserve and, for the first time, money from the Permanent Fund's Earnings Reserve Account through the passage of Senate Bill 26.

SB 26

As approved by the legislature, SB 26 limits the use of the Permanent Fund's earnings and ensures Alaskans continuation of the dividend program.

The legislation establishes an endowment management approach that governs the amount of money legislators may withdraw each year from the Permanent Fund Earnings Reserve Account and keeps the original dividend formula intact. A structured annual draw is designed to give the Alaska Permanent Fund Corporation the stability needed to make the wise investment decisions necessary to grow the fund and maintain a healthy dividend program.

Specifically SB 26:

Limits, for three years, the annual draw from the Permanent Fund to 5.25 percent of the fund's market value for five of the last six fiscal years (effectively 4.35 percent this year), a draw rate the Permanent Fund Corporation has testified is sustainable. After three years, the draw decreases to 5 percent;

Removes the statutory split and annual dividend amount in previous versions of SB 26; and
Maintains the statutory dividend calculation in existing law.

Education Legislation

A \$1.28 billion budget for K-12 education was contained in HB 287. The bill was signed into law on May 3rd and funds education for FY '19 and FY '20. HB 287 also provides \$20 million in grants to public schools in 'FY 19 and \$30 million in 'FY 20.

Among other passed legislation impacting education was SB 216, which removes rules discouraging consolidation of schools with declining enrollment; the reauthorization of education tax credits through HB 233; and the ability for school districts to hire retired teachers to fill vacancies.

(For more on the work of the Senate this year, visit the majority's homepage at: https://www.alaskasenate.org/2018/files/5915/2620/6492/Senate_Accomplishments.pdf)

SB 15 Passes the Legislature

I am pleased SB 15 passed the legislature and will be sent to the governor for approval. The bill prohibits possession, sale, and exchange of electronic smoking devices, including their component liquid or vapor products to anyone under 19. This mirrors existing law that bans the sale of products such as cigarettes from those under 19.

What's Ahead?

With the session over and no special sessions currently being planned, many lawmakers are focusing on the future. This year, Alaska's lone seat in the U.S. House of Representatives, the governor, lieutenant governor, ten Senate seats and all forty House seats are up for election. With several legislators either retiring from public service or seeking higher office, including four retiring Senators, there will be many new faces in the Capitol next year.

I encourage you to take the time to learn about the candidates you'll be seeing on the ballot this year, and please exercise your right to vote in the August primary and November general elections.

Interim Offices

My Homer, Kodiak and Capitol offices are open throughout the interim. Please give us a call if we can be of assistance to you with issues involving the State of Alaska.

You can contact the Kodiak office at (907) 486-4925.
My Homer office can be reached at (907) 235-0690.

You can reach the Capitol office in Juneau at (907) 465-4925 or toll free at 1-800-821-4925.

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